

Message Text

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ORIGIN COME-00

INFO OCT-01 AF-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 OIC-02 /113 R

DRAFTED BY COM/BIEPR:ELESLIE
APPROVED BY STR:WBKELLY, JR.
TREASURY:WBARREDA
EB/OT/TA:HKOPP
LABOR:BWHITE/WRENISON
COMMERCE:LMURPHY
INTERIOR:HANDERSON
STR:TSTEWART/DWHITNACK
USDA:RSCHROETER

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TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY PRETORIA PRIORITY

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MISSION ALSO FOR USMTN

E.O. 11652: N/A

TAGS: ETRD, GATT, SA

SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS - SOUTH AFRICA

REFERENCE: (A) GENEVA 5705
(B) GENEVA 3126
(C) LOWRY LETTER TO SPRUCE, APRIL 25, 1977

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(D) GENEVA 1230
(E) LOWRY LETTER TO SPRUCE, FEBRUARY 10, 1977
(F) STATE 212066

1. THE TRADE POLICY STAFF COMMITTEE (TPSC) HAS APPROVED
THE FOLLOWING INSTRUCTIONS. FULL DETAILS ARE CONTAINED IN
TPSC 77-102, WHICH FOLLOWS BY POUCH.

2. THE MISSION IS REQUESTED TO INFORM THE SOUTH AFRICAN DELEGATION THAT THE UNITED STATES FINDS ACCEPTABLE SOUTH AFRICA'S COMPENSATION OFFER FOR WITHDRAWAL OF THE CONCESSIONS ON EVAPORATORS AND CONDENSERS IN THE FORM OF A DUTY REDUCTION ON LABORATORY CENTRIFUGES, TARIFF NO. 84.18.40, FROM 10 PERCENT TO 5 PERCENT (REF (E)). WE ARE PREPARED TO CONCLUDE THE NEGOTIATION AND SIGN AN AGREEMENT ON THIS BASIS WITH INITIAL NEGOTIATING RIGHTS (INR) TO THE UNITED STATES. SOUTH AFRICAN IMPORTS OF LABORATORY CENTRIFUGES FROM THE UNITED STATES AVERAGED 289,509 DOLLARS FOR THE 1973-75 THREE-YEAR PERIOD.

3. THE REST OF SOUTH AFRICA'S COMPENSATION PACKAGE -- I.E. ITS OFFER TO SETTLE ON THE WITHDRAWAL OF CONCESSIONS ON IN-DWELLING CANNULAE (TARIFF NO. EX 90.17), PLATE GLASS (TARIFF NO. EX 70.06), RUBBER PIPING AND TUBING (TARIFF NO. EX 40.09), AND SCRAPERS (TARIFF NO. 84.23.25) -- IS UN-ACCEPTABLE (REFS (B) AND (E)). WE WOULD, HOWEVER, BE PREPARED TO CONCLUDE THE NEGOTIATIONS ON THESE ITEMS ON THE FOLLOWING BASIS:

(A) WATER SPRINKLERS AND SPRAYERS SUITABLE FOR SPRAY IRRIGATION (TARIFF NO. 84.21.10). REDUCE THE TARIFF RATE FROM THE PRESENT 15 PERCENT TO 7.5 PERCENT AND BIND WITH INR TO THE UNITED STATES. ANNUAL SOUTH AFRICAN IMPORTS FROM THE UNITED STATES AVERAGED 1,253,000 DOLLARS IN 1973-75.

(B) CONVEYORS, OTHER, EXCLUDING MINING MACHINERY AND OTHER LIMITED OFFICIAL USE

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INDUSTRIAL MACHINERY, BUCKET OR BELT CONVEYORS (TARIFF NO. 84.22.65.90). REDUCE THE TARIFF RATE FROM THE PRESENT 20 PERCENT TO 10 PERCENT AND BIND WITH INR TO THE UNITED STATES. ANNUAL SOUTH AFRICAN IMPORTS FROM THE UNITED STATES AVERAGED 274,000 DOLLARS IN 1973-75.

(C) CHEMICALS AND FLASHLIGHT MATERIALS OF A KIND AND IN A FORM SUITABLE FOR PHOTOGRAPHY, NOT PACKAGED FOR RETAIL SALES (TARIFF NO. 37.08.90). REDUCE THE TARIFF RATE FROM PRESENT 5 PERCENT TO FREE AND BIND WITH INR TO THE UNITED STATES. ANNUAL SOUTH AFRICAN IMPORTS FROM THE UNITED STATES AVERAGED 819,000 DOLLARS IN 1973-75.

(D) CELLULOSE ESTERS IN SHEETS, TUBES, BLOCKS AND SIMILAR PRIMARY FORMS (TARIFF NO. 39.03.40). REDUCE THE TARIFF RATE FROM THE PRESENT 10 PERCENT TO 5 PERCENT AND BIND WITH INR TO THE UNITED STATES. ANNUAL SOUTH AFRICAN IMPORTS FROM THE UNITED STATES AVERAGED 286,000 DOLLARS IN 1973-75.

(E) AIR CONDITIONING MACHINES, SELF-CONTAINED COMPRISING A MOTOR DRIVEN FAN AND ELEMENTS FOR CHANGING THE TEMPERATURE AND HUMIDITY OF AIR, CONTAINING A HEATING ELEMENT (TARIFF NO. 84.12.10). REDUCE THE TARIFF RATE FROM THE PRESENT 5 PERCENT TO FREE AND BIND WITH INR TO THE UNITED STATES. ANNUAL SOUTH AFRICAN IMPORTS FROM THE UNITED STATES

AVERAGED 1,991,000 DOLLARS IN 1973-75.

(F) BLOCKS, PLATES, CYLINDERS AND LITHOGRAPHIC STONES, PREPARED FOR PRINTING PURPOSES (EXCLUDING OFFSET DUPLICATING MASTERS) (TARIFF NO. 84.34.30). REDUCE THE TARIFF RATE FROM THE PRESENT 3 PERCENT TO FREE AND BIND WITH INR TO THE UNITED STATES. ANNUAL SOUTH AFRICAN IMPORTS FROM THE UNITED STATES AVERAGED 408,000 DOLLARS IN 1973-75.

4. SOUTH AFRICAN AVERAGE IMPORTS FROM THE UNITED STATES OF REQUEST ITEMS IN PARAGRAPH 3 FOR THE 1973-75 THREE-YEAR PERIOD TOTALED 5,030,667 DOLLARS.

5. SETTLEMENT ON THIS REQUEST LIST IS CONTINGENT ON THE EXEMPTION OF THESE ITEMS FROM THE SOUTH AFRICAN IMPORT LIMITED OFFICIAL USE

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DEPOSIT AND ON THE UNDERSTANDING THAT WHERE ITEMS ARE SUBJECT TO SOUTH AFRICAN IMPORT LICENSING, THAT THE SOUTH AFRICAN GOVERNMENT UNDERTAKES TO GUARANTEE THE FREE ISSUANCE OF IMPORT LICENSES WITH RESPECT TO THE NEW CONCESSIONS UPON THE CONCLUSION OF THESE CURRENT ARTICLE XXVIII NEGOTIATIONS, AND WITH RESPECT TO THOSE CONCESSIONS WHICH HAVE BEEN MODIFIED, AS WELL AS TO THE CONCESSIONS WHICH ARE TO BE WITHDRAWN FROM SCHEDULE XVIII, UPON THE APPLICATION OF A TARIFF CHANGE IN RESPECT OF EACH INDIVIDUAL ITEM. FURTHER, IT IS UNDERSTOOD THAT THIS IS AN INTERIM ARRANGEMENT REGARDING THE ISSUANCE OF LICENSES UNTIL THE NECESSARY SOUTH AFRICAN DOMESTIC REQUIREMENTS TO ADD THE ITEMS TO THE FREE LIST CAN BE MET. IT IS FURTHER UNDERSTOOD THAT IT IS THE INTENTION OF SOUTH AFRICA TO EXPEDITE THE APPROVAL OF THESE REQUIREMENTS.

6. PLEASE NOTE THAT THE DUTY REDUCTIONS SOUGHT ARE 50 PERCENT EXCEPT FOR ITEMS WITH ALREADY LOW DUTY IN WHICH CASE WE ARE ASKING FOR DUTY-FREE TREATMENT. WE BELIEVE THIS IS A REASONABLE REQUEST, PARTICULARLY SINCE A 50 PERCENT REDUCTION IN THE RATES OF 5 PERCENT OR LESS WOULD RESULT IN VERY LITTLE REAL IMPROVEMENT IN MARKET ACCESS CONDITIONS, WHILE A VERY IMPORTANT DUTY-FREE BINDING ON A SUBSTANTIAL TRADE ITEM, I.E. SCRAPERS, WHERE TRADE AVERAGED NEARLY 5 MILLION DOLLARS OVER THE PAST THREE YEARS, IS BEING WITHDRAWN. AS THE RESULT OF THE WITHDRAWAL, SOUTH AFRICA IS FREE TO RAISE THE DUTY TO A PROHIBITIVE LEVEL ON AN ITEM WHERE U.S. COMPETITIVENESS AND PRODUCT LEADERSHIP IS RECOGNIZED WORLDWIDE. CONSEQUENTLY, IF SOUTH AFRICA INSISTS ON WITHDRAWING THE BINDING ON SCRAPERS, THE UNITED STATES MUST RECEIVE OFFSETTING COMPENSATION IN QUALITY AS WELL AS VALUE.

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7. THE SOUTH AFRICAN WITHDRAWALS DISCUSSED IN REFTEL (F)
ARE NOT COVERED BY THIS PROPOSAL. WE WILL RESPOND LATER
TO SOUTH AFRICA'S OFFER OF COMPENSATION CONTAINED IN THE
LOWRY-LAVOREL LETTER OF NOVEMBER 14. VANCE

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 28-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition History: n/a
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